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China-S. Korea Trade Is Booming

Ships of Ex-Enemies Carry \$800 Million in Goods Yearly

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TOKYO—Although officially still at war, South Korea and China are now engaged in trade estimated at up to \$800 million annually. The exchanges are increasingly open and they now extend beyond commerce to official contacts.

China and South Korea fought each other during the 1950-53 Korean war and have never officially made peace. But ships bearing the red star of the Chinese merchant marine can sometimes be seen at South Korean docks these days, unloading oil, coal and yarn for textile factories.

Across the Yellow Sea, South Korean vessels are frequent callers in ports on the China coast, bringing consumer goods that China is providing its people as part of modern-

ization programs. Television sets, radios and textiles are common items.

The trade began in secrecy in the 1970s, often using Hong Kong middlemen and faked documents. Today, wraps are slowly coming off, and ships sometimes sail directly between the two countries, which are only about 200 miles apart.

Commerce has grown to the point that cargo routed through Hong Kong alone in the first 11 months of 1984 was worth at least \$300 million and estimates of the total for 1984 run as high as \$800 million.

Trade has smoothed the way for government-to-government contacts. In the view of many analysts, the Peking-Seoul thaw has helped raise chances for serious dialogue between the intensely hostile governments of North and South Ko-

rea, although few expect dramatic breakthroughs.

If China is beginning to treat South Korea as a legitimate neighbor, the reasoning goes, it is probably counseling its ally North Korea to do the same. South and North next month are to resume talks on family reunions and economic cooperation.

The officials who run South Korea's export-fueled economy still routinely refuse to discuss the trade. Nonetheless, a Korean version of China fever is taking hold in Seoul. Traders are studying Mandarin. Former CIA director William Colby was in the city earlier this year to address a seminar on China's economy.

"The Koreans believe that China is the only large market left for the future," said one Seoul analyst who follows the trade closely.

* * * * **EXCERPTED**

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contributed to this article from
Hong Kong.*